

Coleen Hodson

From:
Sent: Wednesday, November 08, 2017 12:41 PM
To: Coleen Hodson
Cc:
Subject: Re: Bitcoin Guidance Inquiry

Hi Coleen,

Thank you for your quick response. We will take this information into consideration and make sure that we have appropriate licensing if expansion does occur. As I stated in my initial e-mail, we are 100% committed to compliance and because of this, I hope that I can reach out to you in the future if any further questions regarding your State's regulations come up.

Again, I appreciate the information and hope you have a great rest of the week.

On Wed, Nov 8, 2017 at 1:28 PM, Coleen Hodson <coleen.hodson@finance.idaho.gov> wrote:

Hi ,
I have reviewed your email dated November 2, 2017 regarding Idaho's money transmitter licensing requirements as it relates to . On a preliminary note, and as you know, Idaho has provided guidance that a license is not required if an entity or individual is selling its own inventory. We have viewed this to apply to miners and to those entities/individuals who own virtual currency and wish to sell their own inventory. However, we have cautioned that any entity that pursues a scalable business model in this space will most likely converge to a scale where they are engaged in a business that will requires licensure under the Idaho Money Transmitters Act. To be clear, it is the Department's opinion that if an entity or individual is required to purchase virtual currency to fund a customer transaction, the Department would view the individual or entity as an exchanger and an Idaho money transmission license would be required. Secondly, the Department has taken the position that payroll processors are money transmitters and licensure is required.

Please feel free to contact me if you would like to discuss this matter further.

Regards,
Coleen Hodson

Coleen Hodson, Supervising Investigator
Securities Bureau
Idaho Department of Finance
[208.332.8081](tel:208.332.8081) / [208.332.8099](tel:208.332.8099) fax
coleen.hodson@finance.idaho.gov
[800 Park Blvd Suite 200](#)
[Boise ID 83712](#)
PO Box 83720
Boise ID 83720-0031



Coleen Hodson

From: Norman Real
Sent: Thursday, November 02, 2017 6:41 AM
To: Coleen Hodson
Subject: FW: Bitcoin Guidance Inquiry

Hi Coleen,

I received this opinion request.

Norman

From:]
Sent: Wednesday, November 01, 2017 12:46 PM
To: Norman Real <norman.real@finance.idaho.gov>
Cc: >
Subject: Bitcoin Guidance Inquiry

Dear Mr. Real,

My name is _____ and I am a compliance representative for _____, a Bitcoin point of sale vendor and operator. I am e-mailing you today to confirm your State's stance on virtual currency in regards to acquiring the adequate licensing to operate in your State. You will find all of our current and upcoming operations listed below, which I hope will help further form your guidance. Through our experience, we know that expansion in a state is smoother for both sides when regulations are understood by the company, and out of respect for your time we proactively reaching out.

Our current services include:

- The selling of our current inventory of bitcoin, owned by _____, directly to the customers' controlled bitcoin wallet through a fully automated kiosk
- The selling of our current inventory of bitcoin, owned by _____, directly to the customers' controlled bitcoin wallet through an application behind the counter at physical locations such as currency exchanges, convenience stores, and grocery stores. We maintain full control of the entire transaction as the location operators are agents of our application.
- The selling of our current inventory of bitcoin, owned by _____, directly to the customers' controlled bitcoin wallet which is paid for by a bank-initiated wire to our fully controlled bank account.

Upcoming services include:

- The paying of payroll to client's employees in bitcoin. This would entail the client paying us a portion of the employee's payroll, with the employee's permission, and then transferring an equivalent amount of Bitcoin to the employee's personal account.
- The conversion of bitcoin to a variety of alternative virtual currencies through a web-trading portal.
- The remittance of cash via kiosk and behind the counter at physical locations such as currency exchanges, for the purchase of an individual's personal bitcoin, which is then maintained in _____ master wallet. (Currently offered in Illinois only)

Please note that currently, we are a federally registered Money Services Business (MSB) under the guidance of FinCen. Presently, we are not an exchange nor do we facilitate the match of a buyer and seller of bitcoin. Instead, buyers are purchasing bitcoin directly from our own inventory which is maintained on our balance sheet. Additionally, we do not custody any customer's bitcoin funds as we are a transaction only business that directly sends Bitcoins from our master wallet to the customer's wallet that they fully control.

After researching your state's guidance and policies, we believe that we are compliant with all licensing regulations in your state. However, we are fully committed to being compliant with all regulations applicable in your state and because of this, we wanted to confirm this with your institution.

Any guidance you could give us to help us further understand your State's regulations, in addition to a confirmation on whether or not a license would be required for these services would be greatly appreciated. Additionally, we are always available to talk about any questions or concerns you may have.

I want to thank you for your time and look forward to hearing from you.

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